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C O N F I D E N T I A L MADRID 001924

SIPDIS

FOR NP/CBM, EUR/WE AND NEA/MAG

E.O. 12958: DECL: 05/19/2015

TAGS: [PARM](#) [PREL](#) [PTER](#) [ETTC](#) [SP](#) [CBW](#)

SUBJECT: SPANISH FIRM SEEKS BUSINESS WITH LIBYA

Classified By: Political Counselor Kathleen M. Fitzpatrick,
reasons 1.4(b), (d) and (h).

[1](#)1. (C) This is an action request. Please see paragraph 4.

[1](#)2. (C) On May 17, Javier Hergueta, the Foreign Ministry's deputy director general for bilateral economic relations with Europe and the OECD countries, requested a meeting with poloff. Hergueta explained that a Spanish firm, Espindesa (part of the Tecnicas Unidas conglomerate), had asked the Foreign Ministry to act as an "informal and discreet" interlocutor between the company and the US government. Espindesa, according to Hergueta, had signed a contract with the Libyan government in 1999 to build a USD 8.5 million factory to make nitric acid in Libya. After September 11 and before work on the factory began in earnest, the Spanish government halted the project and it has been frozen ever since.

[1](#)3. (C) Espindesa asked the Foreign Ministry to approach the US government on its behalf because the Libyan government (the "General Secretariat of Procurement") has recently asked Espindesa to move forward with the factory project. Hergueta said that Espindesa does not want to trigger US sanctions or otherwise draw the US' ire by continuing with the project, and requested that Foreign Ministry attempt to find out what the US reaction to the project would be. Hergueta told us he asked for the meeting with poloff, rather than sending a diplomatic note or other formal communication, to make the inquiry as discreetly as possible.

[1](#)4. (C) Action request: Embassy seeks Department's guidance on how to respond to the Foreign Ministry's inquiry.
NEALON